

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6907

AMCONSUL BOMBAY UNN

AMCONSUL CALCUTTA UNN

AMCONSUL MADRAS

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NEA FOR AMBASSADOR MOYNIHAN

E.O. 11652: N/A

TAGS: EAID, IN

SUBJ: STAFF HOUSE SURPLUS PROPERTY - STATUS OF NEGOTIATIONS

REF: A) NEW DELHI 9782

B) NEW DELHI 8908

1. ON JUNE 11, 1973, USAID DIRECTOR WROTE TO S. KRISHNA-SWAMI, JOINT SECRETARY, DEA, AS FOLLOWS: "WE ARE NOW PREPARED TO TRANSFER THE STAFF HOUSE AND APPARTMENTS TO THE GOVERNMENT OF INDIA EFFECTIVE SEPTEMBER 30, 1973. ACCORDINGLY, WE WOULD LIKE TO BEGIN DISCUSSIONS CONCERNING THE TRANSITION PLANNING AND THE DETAILS OF THE TRANSFER OF OTHER NON-EXPENDABLE PROPERTY SUCH AS FURNITURE AND EQUIPMENT NOW LOCATED ON THE PREMISES."

2. ON JUNE 13, 1973, HARVEY BROWN, USAID ASST. DIRECTOR FOR MANAGEMENT, WROTE K.C. SODHIA OF DEA AS FOLLOWS: "AS YOU KNOW, THERE IS A CONSIDERABLE AMOUNT OF GOI PROPERTY AND FURNISHINGS IN THE BUILDINGS WHICH WILL BE LEFT WHEN WE DEPART. THERE IS ALSO SOME DOLLAR-PURCHASED EQUIPMENT (PARTICULARLY STOVES AND REFRIGERATORS) WHICH

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COULD BE LEFT IF WE COULD WORK OUT A "SWAP" ARRANGEMENT

WHEREBY WE WOULD TURN THIS PROPERTY OVER TO THE GOI AGENCY RESPONSIBLE FOR RECEIVING THE STAFF HOUSE AND APARTMENTS IN RETURN FOR OUR BEING GIVEN THE FULL TITLE TO AN EQUIVALENT AMOUNT OF RUPEE-PURCHASED EQUIPMENT. THE ALTERNATIVE WOULD BE TO AUCTION OFF THE REFRIGERATORS, STOVES, AND OTHER EQUIPMENT PRIOR TO THE FACILITIES BEING TURNED OVER TO THE GOI. THIS WOULD BE JUST AS ACCEPTABLE TO US BUT WE THOUGHT THAT IF THE RECIPIENT GOI AGENCY WERE TO USE THE APARTMENTS, IT WOULD BE BETTER TO LET THE EQUIPMENT REMAIN."

3. THE GOI HAS NOW ALLOCATED THE STAFF HOUSE AND APART-

MENT COMPLEX TO THE DEPARTMENT OF TOURISM FOR USE OF THE INDIA TOURISM DEVELOPMENT CORPORATION (ITDC) AS A FOUR-STAR HOTEL. ITDC HAS REQUESTED THAT USAID PERMIT ALL EXISTING KITCHEN AND RELATED EQUIPMENT IN THE RESTAURANT

TO REMAIN INTACT IN THE STAFF HOUSE (INCLUDING DOLLAR

PURCHASED) AND THAT ALL ITEMS IN THE APARTMENTS INCLUDING DOLLAR-FUNDED REFRIGERATORS AND STOVES (REF A) BE PERMITTED TO REMAIN SO THAT THE ENTIRE COMPLEX CAN IMMEDIATELY CONTINUE FUNCTIONING AS A HOTEL/RESTAURANT/APARTMENT OPERATION. DEA, WHICH IS HANDLING FINANCIAL

NEGOTIATIONS, IS PREPARED TO MAKE THE SWAP AS SUGGESTED IN PARA 2 ABOVE. AT OUR INSISTENCE, ITDC IS WILLING TO PURCHASE DIRECTLY THE BOWLING LANES WHICH WERE PURCHASED FROM STAFF HOUSE ASSOCIATION FUNDS RATHER THAN APPROPRIATED FUNDS.

4. AID DIRECTOR DISCUSSED THE POSSIBILITY OF SWAP ARRANGEMENT WITH M.G. KAUL, SECRETARY, FINANCE MINISTRY, ON AUGUST 30. SUBSEQUENT TO THIS, EMBASSY/NEW DELHI ASKED THAT 1) THE USG INSIST ON DOLLAR REPAYMENT FOR DOLLAR-PURCHASED ITEMS, AND 2) THAT RUPEE EQUIVALENT VALUE OF DOLLAR-PURCHASED ITEMS BE DEDUCTED FROM RESIDUE OF LIMITED OFFICIAL USE

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TRUST FUND WHICH IS TO BE TURNED OVER TO THE GOI SEPTEMBER 30, 1973.

5. THE GOI EMPHATICALLY WISHES TO AVOID A SHIFT TO CASH PAYMENT. IT EXPLAINS THAT A DOLLAR PAYMENT WOULD REQUIRE A

PARLIAMENTARY BUDGET ACTION WHICH DEA IS ANXIOUS

TO AVOID. DEA IS MOST ANXIOUS TO HANDLE THE MATTER ON
THE PREVIOUSLY PROPOSED SWAP BASIS.

SINCE WE HAD ALREADY AGREED TO A SWAP AND SINCE WE NEED
THE OFFICE AND OTHER EQUIPMENT WHICH WE WOULD RECEIVE
UNDER THIS ARRANGEMENT, USAID WILL PROCEED WITH THE SWAP
AGREEMENT UNLESS ADVISED OTHERWISE. THE PLAN IS STILL TO
TRANSFER USE OF BUILDINGS ON SEPTEMBER 30, BUT WE DO NOT
WISH TO TRANSFER IF THE ISSUE IS NOT SETTLED, EVEN THOUGH
WE WOULD BE RESPONSIBLE FOR CONTINUING MAINTENANCE COSTS.
SCHNEIDER

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